DOCUMENT RESUME

ED 465 105 CE 083 443

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|---|---|
| AUTHOR | Gray, Michael; Peters, Jane; Fletcher, Mick; Kirk, Gordon |
| TITLE | The Impact of Individual Learning Accounts: A Study of the Early and Potential Impact of Individual Learning Accounts on Learning Providers and Learning. Research Report. |
| INSTITUTION | Learning and Skills Development Agency, London (England). |
| PUB DATE | 2002-00-00 |
| NOTE | 25p. |
| AVAILABLE FROM | Learning and Skills Development Agency, Regent Arcade House, 19-25 Argyll Street, London W1F 7LS, United Kingdom, England (Ref. No. 1163). Tel: 020 7297 9000; Fax: 020 7297 9001; Web site: http://www.lsda.org.uk/home.asp. |
| PUB TYPE | Reports - Research (143) -- Tests/Questionnaires (160) |
| EDRS PRICE | MF01/PC01 Plus Postage. |
| DESCRIPTORS | Access to Education; *College Programs; *Delivery Systems; *Educational Finance; Educational Practices; Financial Support; Foreign Countries; Guidelines; Information Sources; Interviews; Marketing; Outcomes of Education; Partnerships in Education; Postsecondary Education; Program Costs; Program Design; Program Effectiveness; Questionnaires; School Business Relationship; Student Attitudes; *Student Costs; *Student Financial Aid; Technical Assistance |
| IDENTIFIERS | Employer Role; Impact Studies; *Individual Learning Accounts; *United Kingdom |

ABSTRACT

The impact of individual learning accounts (ILAs) on the success of learners in post-16 education sector in the United Kingdom was explored through an examination of available research on ILAs. The following were among the study's 12 messages for providers, the Department for Education and Skills, and the Individual Learning Account Centre: (1) the ILA scheme is attracting many learners who have already decided to follow a program; (2) proactive marketing by providers is needed because 60% of registered ILA holders have not yet accessed their account; (3) ILAs have encouraged progression; (4) ILAs are have been well received because the initiative is not means tested and is available to all individuals age 19 or older; (5) providers should consider ILAs a key issue in their marketing and pricing strategies; (6) urgent consideration should be given to the information and publicity needs of potential learners and providers; and (7) comments on the scheme's cash flow and the speed with which accounts are opened for learners have been positive. (The following items are appended: procedures for briefing interviewees; a questionnaire for evaluating national arrangements; an analysis of ILA episodes by type of provider in the four study areas; and a list of sources of information about ILAs.) (MN)

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# The Impact of Individual Learning Accounts

Michael Gray and Jane Peters
Mick Fletcher and Gordon Kirk

M J Noonan

U.S. DEPARTMENT OF EDUCATION
EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)

# research report

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# The Impact of Individual Learning Accounts

## A study of the early and potential impact of Individual Learning Accounts on learning providers and learning

Michael Gray and Jane Peters
Mick Fletcher and Gordon Kirk

## Note

This report was based on research that was completed before the government announced the suspension of the ILA scheme. The LSDA believes, however, that the messages in the report for providers and policy makers remain relevant to any successor scheme that may be developed

Published by the Learning and Skills Development Agency

www.lsda.org.uk

Feedback should be sent to Information Services,
Learning and Skills Development Agency,
Regent Arcade House, 19-25 Argyll Street, London W1F 7LS
Tel 020 7297 9000 Fax 020 7297 9001
enquiries@LSDA.org.uk

Registered with the Charity Commissioners

Printed in the UK

ISBN 1 85338 751 7

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1163/04/02/2000

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## Section 1
## Key messages

Our research on the impact of Individual Learning Accounts (ILAs) leads us to the following conclusions:

### Messages for providers

1.1 The scheme is attracting many learners who have already decided to follow a programme. It is essential to provide accurate and timely information to them at the point of enquiry and at any point at which they might enquire about progression. This is best achieved by a small and well-informed team supplemented by fully briefed staff such as lecturers, trainers, administrators and guidance/advice workers.

Providers who had dealt successfully with this need channelled all enquiries through a small and enthusiastic team. None of the providers in the sample had produced their own briefings for other staff; this is needed if they are to support the central team.

1.2 Currently, 60% of the registered account holders have not accessed their account. This is an enormous potential market for learning. Some providers had successfully promoted the scheme and their learning opportunities through local groups, such as community learning services or trade unions. This is considered a much more effective way of reaching excluded learners than glossy publicity and national advertising campaigns. We need national promotional literature that can be used locally with potential learners and with providers' employees or community partners.

Proactive marketing by providers needs to work at a local level. While many learners have used their accounts for information technology (IT) courses, local marketing could promote other subjects. Some providers had significant numbers of learners on other vocational courses. Learners sometimes saw Individual Learning Accounts as a bonus that gave added delight to their learning, and sometimes they were a key factor in attracting them to a course. A few providers, and mainly those in the private sector, had set out to sell their programmes using both motivators.

1.3 The accounts have encouraged progression. Providers need to ensure that their programmes are designed to allow learners to progress, using their Individual Learning Account as an incentive. This will require continuous creativity in curriculum design. At present, all examples of this were in IT; this will need to be extended to other areas of training. Providers who provided short free taster courses had attracted many learners and had good progression to priced programmes. The prices for initial programmes should be set at a level that involves learners making a contribution but does not deter enrolment.

1.4 Individual Learning Accounts are an initiative that has been well received because it is not means tested and is available to all aged 19 or older. The scheme needs to be considered at both strategic and operational level as a way of encouraging the take-up of learning opportunities. We found little evidence of it being included either in strategic planning or in operational targets. This is largely because of the timing of its implementation. However, the curriculum issues raised in point 1.3 above require course designers to become involved in planning for the outcomes of the scheme.

1.5 Providers should consider the accounts as a key issue in their marketing and pricing strategies. A few providers had not packaged the price of programmes to include assessment and material costs. There are good reasons for packaging prices in this way. Marketing strategies should include the promotion of Individual Learning Accounts, but they must not imply an automatic entitlement to a £150 discount.

Providers need also to consider the market for learners wanting courses *other than* IT. Although we estimate the current ratio of IT to other provision supported by an account to be 70/30, this leaves a large potential need for other learning, which providers are sometimes failing to meet.

1.6 There was some evidence of successful work with employer associations. In spite of the difficulties of employers contributing to the costs, providers might take advantage of their existing employer contacts, in particular those with employer associations, to develop training schemes that take advantage of the accounts.

1.7 Small providers had their own data on Individual Learning Account holders who had bought training. All providers might consider gathering information for planning and decision-making from the account holders whom they register.

1.8 There is scope for including Individual Learning Accounts in partnership discussions and plans at all levels. They are one of a number of initiatives with the potential to open up access to learning.

## Messages for Department for Education and Skills (DfES)

1.9 The Individual Learning Accounts scheme is settling down. It provides a valuable incentive to learners. At the time of the research, providers were planning to include the scheme in their strategies for 2001/2002. Changes to the scheme at this stage will be received with great concern by the providers who are in a position to promote the scheme and make it successful. The scheme requires that a large number of front-line staff are briefed and knowledgeable. Briefing them for the first time is a major task, which might become impossible if the scheme is altered.

Urgent consideration should be given to the information and publicity needs of potential learners and of providers. Information should encourage the use of Individual Learning Accounts for eligible courses of all types.

1.10 To a limited extent, the scheme encourages a learner contribution to learning. This will possibly change, and contribution will grow, as the scheme becomes better known and is publicised by word of mouth. Because of the 'individual' nature of the account, and its ownership by the account holder, not their employer, employers cannot easily contribute. We propose that urgent consideration be given to this problem. Local schemes involving groups of employers or larger employers, and where appropriate trade unions, have great potential to encourage employer contribution and participation in learning.

## Messages for Individual Learning Account Centre (ILAC)

1.11 The scheme's operation is settling down and there are some positive comments on cash flow and the speed with which accounts are opened for learners. The advice to learners and providers needs to be consistent. Providers have requested a dedicated adviser who will have some knowledge of them, or at least will have answered their previous enquiries.

1.12 Some providers have raised problems about the web browser system for inputting account holder data. We suggest that these are addressed, and that the reasons why changes are or are not made are explained to providers.

## Section 2
## Introduction and project aims

2.1 Following the launch of the national scheme for Individual Learning Accounts in England in September 2000, a wide range of providers, totalling more than 4,600 by May 2001, has registered with the scheme. This project sought to identify not only the types of learners who were using an ILA, but the responses of a sample of these providers to the scheme's introduction and to the needs of the learners.

2.2 The principal aim of the evaluation project was to "help improve the capacity of learning providers to respond appropriately to the national framework of Individual Learning Accounts". The project is about identifying interesting and good practice, and disseminating findings to providers and other interested parties.

2.3 'Provider' is used in the report as a generic term to include all organisations that are registered to accept Individual Learning Accounts as an incentive to learners who wish to register with them for a learning programme. 'Public-sector provider' is used to describe a provider whose main funding is from state sources, such as a college of further education or an adult and community learning service. 'Private provider' describes an organisation that is financed from largely non-state sources and that is a legal entity such as a limited company, partnership or sole proprietor.

2.4 Specific objectives of the research included to:

- identify and analyse the types of learning bought with the help of Individual Learning Accounts
- identify the types of learner using an Individual Learning Account
- identify and analyse the early impact for providers and their responses
- identify and analyse other issues for providers and their plans for the future.

Appendix 1 gives a short briefing on the project prepared for interviewees.

2.5 This report includes a brief introduction with some analysis of Individual Learning Account statistics, and then describes and analyses the findings of the research. It was carried out by Jane Peters of the Learning and Skills Council (LSC), formerly of the Further Education Funding Council (FEFC), and Michael Gray, Learning and Skills Development Agency (LSDA) Consultant and author of this report. It was led by Mick Fletcher of the LSDA, with contributions from Gordon Kirk, an independent consultant with wide experience in student finance and Individual Learning Accounts. The work was begun and progressed with the full cooperation of Capita, the company that manages the ILAC for the DfES, and the then Department for Education and Employment (DfEE), now known as the DfES.

2.6 The report is based on structured face-to-face and telephone interviews with managers and staff from 18 providers. The questionnaire used is reproduced in Appendix 2. Information was also taken from Individual Learning Account Centre figures on the types of learners who have registered for an Individual Learning Account and on those who had accessed their account as of March 2001.

2.7 To provide a geographical spread the team conducted the research in four Learning and Skills Council areas: Merseyside; Herefordshire and Worcestershire; West London and Norfolk. This choice also allowed us to investigate the situation in urban and rural areas. A range of providers was chosen, varying in size, numbers of registered learning 'episodes' (accounts used), and legal status.

Data for the types of learning episodes in the four LSC areas confirms the dominance of IT training that we found in the research. In West London the proportion of episodes recorded by private providers was considerably higher than in the other three areas, indicating a concentration of private providers in London. This was not the case on Merseyside, where further education providers predominated. However, nearly 22% of the episodes were classified as 'other or not known', which limits full interpretation of the statistics. Appendix 3 gives the data for types of learning by provider type.

2.8 Very few providers were able to give precise figures for the numbers and types of learners using an Individual Learning Account with them, although all were clear on the type of provision accessed by account users and many felt confident to speak about the characteristics of the learners.

2.9 We have relied considerably on qualitative statements to give interest and life to the report. While some of the statements from providers about numbers of learners are based on their perceptions, we spoke to managers and staff who were able to give us an accurate picture. We chose interviewees who were directly involved in the operation and administration of the accounts in their organisation. They all had contact with learners who had accessed an account. The main purpose of the report, to spread good ideas and interesting practice between providers, is best served by qualitative judgements and descriptions of what is being done and is planned.

2.10 In May 2001, an expert seminar was held to receive comments on the report, before the final draft was written. It brought together 15 people, including the project team and representatives from the then DfEE, the Campaign for Learning, the Trades Union Congress (TUC), private and public providers and consultants working on research also associated with Individual Learning Accounts. They all endorsed the project findings and conclusions.

## Section 3
## Background to Individual Learning Account scheme

3.1 The national ILA scheme was announced in England in May 2000, and launched on 4 September 2000. It followed on from the local pilot schemes developed by the Training and Enterprise Councils (TECs) and from the 'pathfinder' pilot schemes set up by the Further Education Funding Council (FEFC). There are similar schemes applying to eligible learners in Northern Ireland, Scotland and Wales. However, applicability depends on the account holder's usual address, not that of the learning provider, clarifying the position for internet and distance learners, but making the situation complex for providers who draw learners from different countries. In the research this applied to at least one provider of specialist training, which was located in England, close to the border with Wales, and recruited trainees from the whole of the UK.

3.2 To open an account a potential learner registers with the Individual Learning Account Centre, managed by Capita. He or she receives an account card that can then be presented to a registered provider who will apply the appropriate discount and reclaim this sum from the ILAC through a web-based system. Learners must have registered

with the ILAC and received their account card before they can register for a course and benefit from the incentive.

To be eligible for an account individuals must be living in England, and satisfy nationality requirements. European Economic Area (EEA) nationals working in the UK, and their spouses, children or stepchildren are also eligible. Individuals must be 19 or older; those approaching 19 can register but not access their account until they reach 19.

The value of the account is a:

- one-off £150 towards eligible learning for the first one million account holders; learners must contribute £25
- discount of 20% up to a maximum of £100 on the individual's cost of a broad range of learning
- discount of 80%, maximum £200, on a limited and specific list of IT, literacy and numeracy courses.

Further information is on the Individual Learning Account website at www.my-ila.com.

## Section 4
## Overview of Individual Learning Accounts opened and used

4.1 Figures on the ILAs opened and what they were used for were provided by the ILAC in March 2001; see Appendix 3. A total of 689,600 Individual Learning Accounts had been opened, with a gender distribution of 58% female and 39% male (5% did not declare their gender). Of the 278,394 accounts used (40% of the number of registrations), 59% were used by women and 40% by men (the remaining 1% did not declare their gender). Our research indicates that women either returning to work or looking for better paid work are a significant market for many providers who are registered for Individual Learning Accounts, in particular in information technology.

Although 770 Individual Learning Accounts had been opened by learners below the age of 19, the biggest usage occurred in the 35–49 age range, 39% of the total. The 25–34 age range, a narrower band, covered 27% of Individual Learning Accounts used. The 19-25 age range accounted for just 11%. Significantly, more than 23% of accounts had been used by people older than 49.

4.2 When analysis is made of the age, gender and ethnicity profile of those people using their accounts, and that of the people who had opened accounts and not used them, the profiles are practically identical in every respect. The gender balance is about 59:41 in each case. In both cases the percentage of people from ethnic minority backgrounds is 12%. The age profile is also very similar, with some evidence that older people may be slightly more likely to use their Individual Learning Account once they have registered (21% of the people who have opened one are older than 50, whereas 23% of those who then used the account are older than 50). A similar pattern emerges when the account holders are analysed according to their broad occupational categories – the percentages in each group are identical. These are encouraging findings, as they imply that no particular group is finding it more difficult than any other to use their Individual Learning Accounts.

4.3 At registration, account holders are asked whether or not they are registered disabled. A total of 16% of people did not respond to this question. Of those who did, 1.7% was registered disabled. Of those using Individual Learning Accounts, the same proportion, 1.7%, was registered disabled. It appears that once the decision to open an account has been made, disability is not a barrier to participation.

4.4 Individual Learning Account holders are also asked about their economic status when they register (whether they are employed, unemployed, self-employed and so on). Of those opening Individual Learning Accounts, 45% did not provide this information, and this rises to 52% among the people who have used them to date. This is a high proportion, and it may be that the way the question is posed is presenting difficulties for some people. Of those who did provide the information, the breakdown of the main categories is as follows:

| | **Accounts opened** | **Accounts used** |
|---|---|---|
| Employed | 63% | 61% |
| Self-employed | 12% | 13% |
| Unemployed | 9% | 11% |
| Retired | 5% | 7% |
| Others (includes students) | 11% | 8% |
| | 100% | 100% |

It would appear that people who are unemployed, self-employed or retired are slightly more likely to use their Individual Learning Account, or at least to use it sooner, than others.

4.5 In our research, providers reported considerable take-up of IT courses by older learners. However, they did not report any significant efforts to attract this market and provide for their needs. This reflects, perhaps, a limited effort by most providers to identify before enquiry or registration those groups to whom Individual Learning Accounts would be a significant selling point. This is supported by the finding that 37% of people registering for an account had heard about it from a learning provider, suggesting that they were already interested in a programme of some sort. A further 13% had heard of Individual Learning Accounts through an employer. Only 19% had heard of them through direct promotion. How people learned about ILAs is summarised in Appendix 4.

4.6 Less than 1% stated that they had heard of the accounts through a trade union. This figure may underestimate the role of trade unions in promoting Individual Learning Accounts, as unions have been working with employers on a number of successful schemes. Account holders may well have reported that they heard of the scheme through their employer, even if the information came from a union learning representative.

4.7 Where these statistics confirm, contradict or throw light on our research findings, they are referred to in the report. Figures on the type of learning opportunity taken up nationally by Individual Learning Account users were not available. Private training providers in the research sample were better able to give this information than colleges, perhaps because of their smaller range of programmes and their need for immediate business information. Additionally, private providers generally have simpler income streams than public sector ones and are not involved in the same number of learner initiatives.

## Section 5
## Individual Learning Accounts and providers

5.1 Individual Learning Accounts were 'owned' by differing sections of providers' organisations. A number of colleges had located the ILA information and management with student enrolment and guidance. The provider view of Individual Learning Accounts was more positive where a small team managed the ILA process, gave information about it to learners, and either input data to the ILAC direct or through colleagues in a finance department. In the colleges that were seeking to develop adult work as part of their overall strategy, and were using Individual Learning Accounts for this purpose, one or two central admissions staff responsible for adult learners had become enthusiastic champions of the accounts and the single focus for information on them. Providers commented on the need to ensure all staff who have contact with learners, including lecturers and trainers who might talk to students about progression, have adequate and accurate information about ILAs and *consider it part of their job* to give it to learners.

5.2 The small private-sector providers did not see Individual Learning Accounts fitting into one section; they were part of the overall marketing and pricing strategy of the organisation. Most larger college providers had given very little thought to Individual Learning Accounts as a strategic issue. They were seen as relatively low in cash value in relation to the total college budget, or not yet a major influence. Providers only received initial information on the national scheme in May 2000, too late for most of them to include the accounts in their more structured annual strategic planning process.

5.3 One provider had discussed Individual Learning Accounts at senior management level and as a way of attracting new employed learners. This college had developed a range of successful IT programmes in collaboration with an employers' association, but had put the success of the programme down to factors other than Individual Learning Accounts. Although the welcome accorded to Individual Learning Accounts has warmed, providers feel that many other variables, such as availability, timing and perceived quality, are affecting their ability to recruit learners to part-time programmes, and that some of these are much more influential than Individual Learning Accounts.

5.4 Individual Learning Accounts were seen to support some other initiatives, such as college work with employers, trade unions or community programmes in IT. Perhaps because full details of the scheme were not available until July and August 2000, providers had generally not linked their use expressly to other initiatives. One provider had woven Individual Learning Accounts into its 'initiative-led provision', which provided funding for strategic initiatives and still gave the learners a good experience. Some providers had used the marketing opportunity provided by Individual Learning Accounts to develop or introduce courses that they had already considered running.

5.5 We noted some significant differences between the approach to Individual Learning Accounts in private- and public-sector organisations. Private-sector training companies had moved quickly to take advantage of the opportunities that the accounts gave them, for example by offering short IT courses. One had developed an additional market, adding these one-day public courses to its in-house company training. All providers, particularly those who have only promoted the accounts alongside their 'usual' courses to date, have substantial opportunities to offer new courses that meet the needs of Individual Learning Account holders.

5.6 A concern of providers, which might inhibit the use of the accounts, is the providers' capacity to deliver. The growth of IT programmes might be inhibited because of staff shortages of tutors with the right technical skills and approach to the learners. Providers

with a pro-active approach to marketing had seen numbers of adult IT learners grow considerably since early 2000, and many were concerned about their capacity to meet demand.

## Section 6
## Marketing

6.1 Marketing activity by providers varied considerably. Some providers were using existing databases and many were encouraging progression from shorter introductory programmes in IT to more advanced IT programmes. In some cases Individual Learning Accounts have been a considerable incentive to learners to progress, or for couples to both enrol for a programme, rather than just one partner. One private provider had promoted the programme through contacts at the local Hindu temple, using the Individual Learning Account as an incentive. A number of providers mentioned word of mouth as the key to promotion, but had not taken a pro-active approach themselves.

6.2 Most of the promotional activity was responsive, concentrating on providing information at the point at which the potential or decided learner asks about enrolment or registration. Enthusiastic and knowledgeable staff with accurate information were considered essential. A number of providers appeared to achieve this, but some commented on the confusing scheme rules for learners and contradictory information from the account helplines. Some learners had been confused by the discount levels and had not understood that the £150 was a total reduction, and not available for each course. Others claimed to have received conflicting advice from the learner helpline. These problems had led to some learner dissatisfaction. A few learners on one-year vocational programmes did not realise that vocational tax relief had been withdrawn and enrolled without an Individual Learning Account.

6.3 Many providers advertised Individual Learning Accounts in their general publicity for part-time programmes, and one or two had created other written promotional materials such as a student newsletter where Individual Learning Accounts were mentioned. There was general agreement that the most effective promotion at provider level was through telephone or face-to-face contact at enquiry. One college channelled all part-time adult enquiries through a team of two, which was able to promote the scheme actively.

6.4 There were no requests for regional marketing initiatives, mirroring the fact that no providers had given consideration to Individual Learning Accounts in any local partnerships of providers. Individual Learning Accounts had been a key feature of one or two partnerships with employers or employer associations.

6.5 When asked about national marketing, very few providers claimed to have seen or heard of a national campaign. Some providers mentioned the Learndirect campaign and would like to see a similar campaign for Individual Learning Accounts, raising awareness but not giving detail. This was in spite of some difficulties in meeting demand. "We have long waiting lists for all our IT courses".

6.6 Providers would like to see national awareness-raising of ILAs through media such as the press, TV, radio and the internet. Only one provider asked for no further promotion at all. However, some felt that a national campaign would fail to engage potential learners who are not thinking of education or training. They believed that these reluctant learners could be much better reached via local community groups or trade unions.

6.7 At the local and provider level, good practice centres on having knowledgeable and enthusiastic information staff and ensuring that all who have contact with current and potential learners understand enough of the scheme to give outline and accurate information to learners. There were requests for clear written guidance for providers' staff, so that they could advise potential learners effectively.

6.8 Apart from private providers who were targeting specific companies, there was little evidence of targeted marketing by providers. The brief statistical analysis in the report might give some interesting ideas about the market for new learners and ILAs.

## Section 7
## Contributions by individual learners

7.1 There was little evidence from the research of employer involvement in the national Individual Learning Account Scheme (see also the next section). Individual Learning Accounts were viewed by the providers as something that belongs with the learner, and that has done much to add value to individuals' learning. Providers did not have evidence that they had contributed value to employers.

7.2 A number of providers commented on the use of Individual Learning Accounts to encourage and enable progression, and some had adapted their programmes to make this even easier. Once a learner had registered with a provider, there was a reasonable probability that he or she would progress and provide repeat business. One private provider felt that if an account was used against the second and subsequent episodes of training, not the first, learner contribution would be encouraged.

7.3 Where learners were likely to be stretched financially, providers considered that the ILA was a considerable incentive for them to contribute to the cost of a course. Other providers felt that some learners would have paid anyway, but that the account was a pleasant surprise which at the very least gave the learner a certain 'feelgood factor'. One provider had a number of learners using accounts on vocational one-year programmes, which were considered expensive because of college fees, materials and assessment costs. Students had been delighted to receive a discount. However, the provider did not believe this had increased either student numbers or contributions to the cost of learning.

7.4 One provider commented that the Individual Learning Account was irrelevant for many of its learners, who came from disadvantaged areas, as the provider's fee-remission policy was comprehensive and they would pay nothing in any case. There were some mixed comments on this point. One provider felt that many learners expect everything to be free. A number of others felt that the £25 was paid willingly by many learners, but not necessarily by those who are disadvantaged. It gave them access to a year's part-time IT training, which could bring a considerable return in career development or, for example, improve their ability to relate to and understand their children's or grandchildren's computer work.

## Section 8
## Contributions by employers

8.1 There were two examples of close employer involvement in the scheme. In one case, an industry association was managing IT training for its members and directing them to preferred providers. They expected the learners to use an Individual Learning Account towards the cost. In another, a company had had a request from its shopfloor workers

for IT training that was not job related. Anxious to meet the request, the company agreed with a private provider to subsidise a short programme costing £250 per person, of which £25 was paid by the employees, £75 by the firm, and £150 by an Individual Learning Account.

8.2 Apart from these examples, there was little evidence of employer contribution, although this may have been happening if companies refunded an employee's £25 contribution. In some cases, and particularly for private-sector providers, many of the learners were from small businesses, but providers thought that they were learning for themselves as owners of their business and not necessarily paying for employees to learn. However, there is a number of examples of employer involvement in the scheme that has been encouraged by trade unions, sometimes in collaboration with local providers. These were not fully considered at this stage of the research, and are to be followed up later.

8.3 Providers commented on the payment system for Individual Learning Accounts, which has no place for an employer contribution. Two stated that, prior to the introduction of Individual Learning Accounts, they had set up direct billing systems for all employer contributions to learning, including the fees for employees. This removed the opportunity for an employer contribution through an Individual Learning Account. These providers had not given thought to the implications of this, but were prompted to do so by the research.

8.4 Some interviewees felt strongly that the Individual Learning Account belonged to the individual, and that employers might 'take it over'. While employers could direct employees as to how they might spend their account, we found no evidence or reports of this happening. Some learners were happy to use their account for a course related directly to their job, and were receiving some help with their own £25 contribution from their employer.

## Section 9
## Types of learners

9.1 Providers varied in their view on new learners, with a number believing that Individual Learning Accounts had most definitely been a factor in encouraging people who had been out of formal learning since leaving school to return to learning. However, interviewees were much more likely to cite opportunities to get a better job or keep up with children's computer work as their motivation to return to learning, rather than the availability of an Individual Learning Account.

9.2 One provider stated that the scheme "supports people across the board", and that it helps people who are at work, in particular in low-paid work and not claiming benefit, by giving them fee remission. Another stated that "a lot of people do it for joy anyway", which relates more to existing and committed learners. Another provider said the majority of its new learners were people aged 40–50, a figure reflected nationally in the statistics for Individual Learning Account use.

9.3 There was strong support for the scheme *not* being means tested, and for it being available to people employed and not claiming benefits. "It's the one bit of support that doesn't depend on earnings or benefits". This not only made it simpler to administer but less intrusive into learners' finances. One provider in the voluntary sector believed that learning should be free to all and that employers should have a statutory obligation to contribute.

9.4 Several providers were convinced that Individual Learning Accounts had brought small and particularly micro and one-person businesses into learning. At one provider that had worked with two employer associations, this had happened through TEC pilots. Two

private providers had evidence that very small businesses were using Individual Learning Accounts to support IT training. Although they had programmes that attracted owners of these businesses, the programmes had not been designed specifically for this market, and also attracted other new learners with very different motivations.

9.5 Two points were made very forcefully by individual providers:

- Private providers in particular felt that learners are 'just learners', and are not categorised as 'new' by them. This may result from their lack of experience of FEFC/LSC priorities. Although this view was also a matter of principle, it does reflect the particular difficulty in defining and knowing if learners would have taken the programme without the incentive of an ILA. Our research seems to indicate that Individual Learning Accounts were for many, but not all, a 'bonus', limiting their effect in attracting new learners.

- New learners (and providers) can be put off by apparently conflicting initiatives, and the implementation of initiatives can discourage learners. One provider commented on the tensions that arose when learners missed the chance to get an account before paying for their course and then studied alongside learners who had received Individual Learning Account discounts.

## Section 10
## Impact on enrolments and numbers of trainees

10.1 Again, opinions varied as to the effects of ILAs on learner numbers. Private providers had either designed programmes tailored to fit an Individual Learning Account, or considered that their availability had contributed to growth.

10.2 Other providers considered that there had been no effect on numbers; this was particularly the case where the learners did not stand to benefit from an Individual Learning Account or where providers thought that the lack of publicity about the scheme meant that the opportunity to bring in new learners was lost. Providers agreed that it is too early in the scheme's life to judge the total effect, in particular because of the timing of its introduction. Many of the providers we spoke to had plans to promote and encourage the use of Individual Learning Accounts much more widely and positively in 2001 and into 2002.

10.3 Where an Individual Learning Account had increased numbers, providers reported either that learners had:

- chosen to progress to a more advanced course
- joined a more expensive course than originally planned
- joined an extra course.

In all of these cases providers were describing choices made *after* the decision to join a course of some sort. However, we do not have *firm* evidence of the extent to which account users are *additional* to providers' numbers. Evidence provided to us by providers indicates that a significant proportion of learners would have engaged in learning without the account, but that it strongly encouraged progression and further learning.

10.4 Interviewees, particularly those from private providers and those who were focused on business development, expressed concern at this point about the future of Individual Learning Accounts or parallel support for learners. The high levels of progression

already supported by Individual Learning Accounts raised serious questions for them about the implications of withdrawing or amending the scheme. Providers generally felt that the scheme had 'bedded down', and were concerned that any confusion caused by changing the scheme would discourage learners and reverse the trend for growth.

## Section 11
## Impact on access and delivery of learning

11.1 At least one provider had broken IT programmes into smaller chunks, with an initial free taster course, to allow progression, create greater learner motivation and give learners an opportunity to apply for an account before starting a priced course.

11.2 Unitising programmes was commonplace for the type of learning programme that attracted significant numbers of account holders, but there was no evidence to suggest that this was done because of the accounts. However, there is evidence that providers would have divided up the programme like this anyway, and that this would have provided short motivating chunks of learning. Providers were taking full advantage of the benefits to them of Individual Learning Accounts when they offered new programmes to stimulate and meet the needs of new markets.

## Section 12
## Impact on general programme design

12.1 Two private providers had introduced one-day or evening programmes designed to take advantage of the opportunities given by Individual Learning Accounts. In one case an eight-hour programme, four evenings of two-hour sessions, had been specifically promoted to members of the local Hindu temple. The provider was teaching IT through English, Hindi and Urdu, and is planning to offer training in French and Spanish.

12.2 Another public-sector provider reported learners switching from recreational to vocational programmes in parallel subjects, because of Individual Learning Accounts. For example, learners had switched at enrolment from a flower arranging recreational course, with no discount, to a vocational floristry course with a qualification that was eligible for the account incentive. The overall effect on numbers had been neutral, but the college had had to switch teaching staff to the more popular programmes.

12.3 Apart from this development, all the curriculum design changes were focused on progression, as providers had considerably increased opportunities to meet the actual demand and were anticipating an increase in future demand.

12.4 However, this revealed concern about the future of the accounts. Private and public providers worried that changes to the scheme, limiting learner access or money available, would adversely affect their plans. Some said that they would be prepared to include Individual Learning Accounts more positively in their planning if they were certain about the future of the scheme and its terms.

There was some evidence of providers, including the larger public ones, including Individual Learning Accounts in their course planning, having discussed it at course-team level. Smaller private providers had already placed the scheme firmly within their planning frameworks.

## Section 13
## Impact on prices

13.1 The majority of providers had not reviewed prices as a result of Individual Learning Accounts, although two had designed short IT programmes priced at £175 to match the available funding plus the learner contribution. Learners on these programmes were not all supported by an Individual Learning Account.

13.2 Other providers did intend to review their prices, but many other factors were to be considered, and Individual Learning Accounts were only a small part of the picture. Two medium-sized colleges located close to each other reported strong price competition, which drove their fee strategy more than any other factor. There was some support for national and/or local standard fees from public-sector providers. One private-sector provider commented that the £175 the company charged for a one-day IT course (generally paid for by £25 learner contribution and £150 from the ILA) was not commercially viable.

13.3 At the expert seminar, one private provider said he was dissatisfied with the £200 limit on the 80% discount. He considered it too low to make some courses viable. We acknowledge that the incentive is a contribution to the full price for a private provider and to a price already supported by public funds for a public provider.

13.4 Most providers had taken steps to package up their prices to include assessment fees and course materials, enabling learners to use their accounts for these costs and to avoid unpleasant surprises during the course.

## Section 14
## Impact on partnerships

14.1 Pragmatic collaboration between providers and employers or other bodies, using Individual Learning Accounts to support learning, is mentioned elsewhere in the report. We found few examples of Individual Learning Accounts having an impact on local learning partnerships. This may, in part, result from the choice of interviewees, who were usually operational managers rather than the most senior leaders, were not directly involved in strategic alliances, and did not have information about local learning partnerships. In many areas, learning partnerships are still in the early stage of development.

## Section 15
## Technical and customer support for account holders and providers

15.1 Providers were generally positive about support received from the Individual Learning Account Centre. Initial delays which had, to quote one interviewee, "distressed" fragile learners, had been overcome, and the short payment term for providers was warmly welcomed by those mindful of their cash flow.

15.2 Although some providers were very positive about the provider helpline, particularly when they could regularly speak to the same adviser, others claimed that advice had been contradictory and was never confirmed in writing. One provider complained that potential learners had used the provider helpline to get advice that contradicted that given to the provider. It was suggested that a single contact person for each enquirer

would give continuity and avoid time-wasting repetition of problems and questions.

15.3 One provider with a number of centres located around a major city was concerned about the time it would take to put information about account holders into the system, which was managed centrally. This interviewee would also like to have a resource point available giving information on available learning and ILA discounts.

15.4 Few technical problems were raised, apart from an inability to access learner details and manipulate data once sent to the ILAC. For example, providers could not use the data sent to the ILAC to tell us what sort of learning opportunities had been taken up. One private provider agreed with this technical point but had all the data captured on his own system anyway.

## Appendix 1

### Briefing for interviewees

### Background and aim

The LSDA, formerly FEDA, is carrying out research into the early impact of the ILA national framework from the viewpoint of providers. Research will lead to a report in late spring 2001. It will be followed up in summer and autumn 2001 to update the results. The research is to be carried out with the involvement of the FEFC and the cooperation of DfEE and Capita.

The principal aim is to help improve the capacity of learning providers to respond to the national framework of ILAs.

### Focus of the work

Broadly, we will consider:

- the early impact of ILAs
- what providers have done differently, if anything, because of ILAs
- what providers plan to do differently because of ILAs.

Working in four Learning and Skills Council areas, we will be visiting and conducting telephone interviews to answer questions about:

- where ILAs belong in the provider organisation
- how ILAs are promoted to learners and potential learners
- whether 'new' learners are attracted by ILAs, and if so, general details about them
- pricing and ILAs
- changes to programme design/access/delivery relating to ILAs
- partnerships relating to ILAs (colleges/other providers/TECs/local authorities/community groups/trade unions/others)
- plans for the future affected or driven by ILAs.

We intend to speak to people in a sample of providers in each LSC area chosen. If we request an interview in your organisation, we would welcome meeting or speaking on the phone to the person who has the best overview of ILAs and their impact, now and in the future.

We will also meet with a small sample of learners and employers who are familiar with ILAs. We shall be asking some providers if they can help us to set this up.

In March 2001 we are holding a short invitation 'expert seminar' to test out our results and take comments on the draft report. The final report will, we intend, be published in late spring.

The project consultants are:

Jane Peters, from the Further Education Funding Council, contact on 02476 863550;

Michael Gray, Learning and Skills Development Agency Consultant; contact on 01334 475207, to 5 February 2001, and 01926 311103, from then; or on mobile 07887 658851.

The project is led at the Agency by Mick Fletcher, Development Adviser, who can be contacted on 01823 345950.

Michael Gray
January 2001

## Appendix 2

## Evaluation of the national arrangements

| ***PROVIDERS:*** |
|---|
| Interviewee's name: |
| Direct telephone and email: |
| Job title and outline of role, especially in relation to Individual Learning Accounts: |
| Date: |
| *Purpose of research – to improve capacity of providers to respond to and use the national framework for Individual Learning Accounts. We are looking for examples of interesting practice, and for evidence to support opinions and judgements.* |

1. Which of the following best describes the section of the organisation that is primarily responsible for Individual Learning Accounts?

| | | |
|---|---|---|
| IT Section | Marketing | Business Development Unit |
| Student Services | Admissions | Other (Please give details) |

2. What marketing activity have you undertaken to publicise Individual Learning Accounts?

3. What national marketing activity are you aware of?

4. What national marketing/publicity would you like to see?

5. To what extent do you think the scheme encourages individuals to contribute to the cost of their learning? (eg by paying their part of the tuition fee themselves or by paying for other costs relating to the course)

6. One of the aims of Individual Learning Accounts is to attract 'new learners'. Several definitions have been used. Which of the following is nearest to the one you used?

| | |
|---|---|
| a. | Learners who were not previously engaged in any learning activity since leaving compulsory education |
| b. | Learners who had no involvement in learning for three years or more |
| c. | Learners who were not on any other FE college course or receiving any other formal learning |

| | |
|---|---|
| d. | Learners who had not previously enrolled on a course with any of the partner providers |
| e. | Other definition (*please state below*) |

7. Under your definition of the learners supported by Individual Learning Accounts how many are new learners?

8. What impact do you think the scheme has had on your enrolments this year?

9. To what extent do you think the scheme encourages employers to contribute to the cost of learning? (eg by paying part of the fee or by paying for other costs relating to the course)

| | | | |
|---|---|---|---|
| Not at all | Slightly | Quite a lot | A significant amount |

10. What do you think are the best methods to encourage employers to contribute to the cost of learning?

11. What do you think are the most effective methods to encourage learners to contribute to the cost of learning?

12. Have you changed any course prices as a result of the availability of Individual Learning Accounts to existing or potential learners? If yes, how?

13. Have you made any changes to the organisation's arrangements for access or delivery as a result of the availability of Individual Learning Accounts? For example, in-house delivery of learning for one or a group of organisations; promotion of Individual Learning Accounts in outreach centres specifically?

14. Have you introduced any new learning programmes, or changed existing ones, as a result of the availability of Individual Learning Accounts? If yes, how?

    Have Individual Learning Accounts been considered at all in the introduction of new programmes or in the design of programmes? If yes, how?

15. In which of your organisation's partnerships have Individual Learning Accounts been considered to be part of or are the subject of collaborative work? If any, describe.

16. How will Individual Learning Accounts be included in the organisation's planning in the future?

17. Will they or might they lead you to change programmes, promotion, prices, delivery or other factors? If yes, describe.

18. What technical or other support has Capita provided to your organisation? What additional or different support would you like?

29. Any other comments? Negative, then positive.

## Appendix 3

## Analysis of ILA episodes by type of provider in the four study areas

| | | Mersey | H/W | W. London | Norfolk | Totals |
|---|---|---|---|---|---|---|
| 1 | FE college | 1,584 | 1,304 | 791 | 600 | 4,279 |
| 2 | LEA adult education service | 85 | 17 | 400 | 1,033 | 1,535 |
| 3 | General private provider | 78 | 471 | 618 | 159 | 1,326 |
| 4 | IT training | 1,915 | 188 | 749 | 159 | 3,011 |
| 5 | Professions & management | 121 | 67 | 212 | 26 | 426 |
| 6 | Health & care | 30 | 6 | | 21 | 57 |
| 7 | Beauty & therapies | 37 | | 16 | 35 | 88 |
| 8 | Sport | 61 | | | | 61 |
| 9 | Media | | 15 | 18 | | 33 |
| 10 | Transport & driving (eg HGV) | 44 | 8 | 98 | | 150 |
| 11 | Hospitality | 19 | | | 23 | 42 |
| 12 | SLDD* | 15 | | 5 | | 20 |
| 13 | Other specific vocational training | 19 | 89 | 5 | 33 | 146 |
| 14 | Other/not known | 899 | 526 | 1,614 | 59 | 3,098 |
| | **Totals** | **4,907** | **2,691** | **4,526** | **2,148** | **14,272** |

**Notes:**
* SLDD = Students with Learning Difficulties and/or Disabilities.
Table shows episodes analysed using provider names only.
Only providers with episodes recorded are included.
There are a large number in the 'other/not known' category because so many companies are just called 'JD Training' or similar!
Category 3 includes companies such as Pitman, Best Training etc who do more than one thing.
Category 13 includes things such as construction, engineering, etc.
There is a heavy dominance of IT, especially if all the IT training in categories 1, 2, 3 and 14 was included.

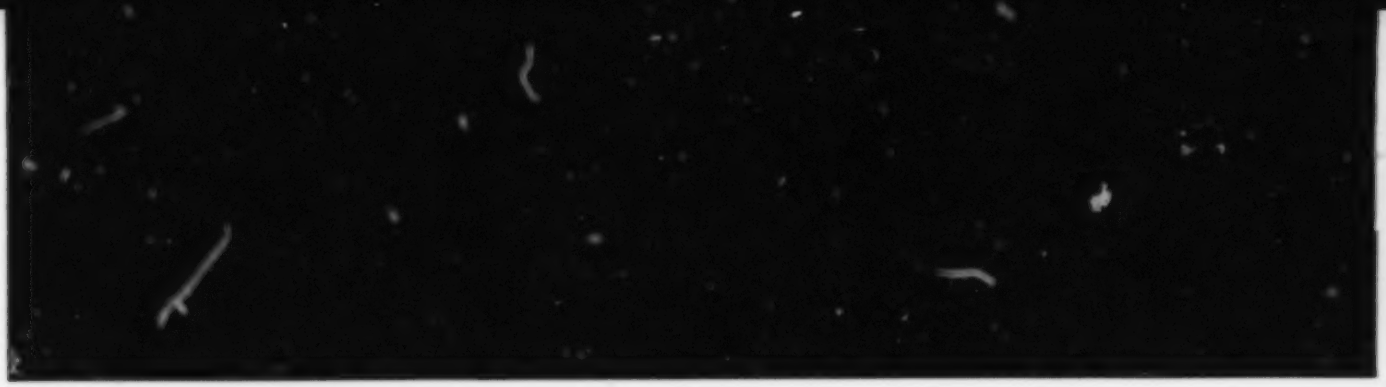
*Source:* Figures supplied by ILAC, March 2001

## Appendix 4

## Source of information about Individual Learning Accounts

| Source | Numbers | % |
|---|---|---|
| Employer | 82,992 | 12.91 |
| Friend or colleague | 3,974 | 0.62 |
| Job centre | 413 | 0.06 |
| Leaflet/poster | 67,472 | 10.49 |
| Learndirect/careers guidance | 42,180 | 6.56 |
| Learning provider | 238,413 | 37.08 |
| Other | 136,983 | 21.31 |
| Radio | 17,240 | 2.68 |
| TV/newspaper | 48,240 | 7.50 |
| Trade union | 5,005 | 0.78 |

*Source:* Figures supplied by ILAC, March 2001



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For more information about LSDA publications or research projects contact:
Information Services Team
Learning and Skills Development Agency
Regent Arcade House
19–25 Argyll Street
London W1F 7LS
Tel 020 7297 9000
Fax 020 7297 9001
enquiries@LSDA.org.uk

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